

IDAHO OUTLOOK

NEWS OF IDAHO'S ECONOMY AND BUDGET

STATE OF IDAHO

DIVISION OF FINANCIAL MANAGEMENT

MAY 2005 VOLUME XXVII NO. 11

Several years ago the phrase “the two Idahos” was coined to describe the differences between the rural and urban parts of the Gem State. Coming up with the phrase was the easy part. More challenging were the definitions of rural and urban. Federal definitions of rural and urban failed to capture the reality of Idaho. Local experts settled on defining urban Idaho counties as those whose largest town or city has a population of at least 20,000 residents. The largest towns or cities in rural counties have fewer than 20,000 residents. These definitions are used in the most recent edition of the *Profile of Rural Idaho* that was written by Priscilla Salant and Alan Porter and published this spring by the Idaho Department of Commerce and Labor. Under this definition Ada, Bannock, Bonneville, Canyon, Kootenai, Latah, Madison, Nez Perce, and Twin Falls counties are urban. All other counties are rural. Rural counties are divided into three categories: commuting, rural centers, and open country. Commuting counties are those where at least 25% of

the workforce commutes to an urban county of at least 50,000 residents. Rural centers have an urban cluster of at least 7,500, but no cities that meet the 20,000 threshold of urban counties. Open country counties have no urban clusters of at least 7,500 residents. A few excerpts from this report are featured in this month's *Idaho Outlook*.

We first look at the differences between the urban and rural economies. Services employment was the single largest employment sector for both the urban and rural counties. However, it was significantly larger in the urban counties, where it accounted for nearly 40% of all jobs, versus 23% of all jobs in the rural counties. Interestingly, government employment was the second largest employer in the rural areas. In fact, its 22% share of employment was bigger than in the urban areas (17%). As in the past, the state's rural economy remains deeply rooted to resourced-based industries. For example, agriculture production and processing and natural resources employment accounted for nearly one of every five jobs in 2003. In comparison, they account for just one in 20 jobs in the urban counties. The trade, utilities, and transportation share of jobs was nearly the same for both the rural (17%) and urban (19%) counties.

Next we look at income. Income levels in rural Idaho are lower than those in urban parts of the state, which is consistent with patterns across the United States. The mix of industries, wage rates, educational attainment, and demographics are key factors for this difference. One useful measure of income is median household income, at which half of all households have higher incomes and half have lower incomes. In 2002, median household income in rural Idaho was 15% less

than the median for urban areas. The gap has been about the same since 1990. Keep in mind, however, that the statewide median belies the variation among counties. A good example is Blaine County. This rural county had the state's highest median income of \$53,000 in 2002. This was about \$5,000 more than in Ada County, which is the state's most urban county. Households in Owyhee, Lemhi, Idaho, and Shoshone counties—all rural—had the lowest median income levels.

As was mentioned above, one of the reasons for income differences between the urban and rural counties is wages. In 2002, the average wage in rural Idaho was about 88% of that in urban Idaho. It was 93% in 1970. Average wage levels reflect the industry mix, or the relative share of various goods and services industries. They also reflect the occupational mix needed to produce goods and services. Lower wages in rural Idaho are likely due to both factors. In 2002, wages were lowest in Camas, Oneida, and Bear Lake counties. Wages were highest in Butte (home of the Idaho National Laboratory), Caribou, and Ada counties.

This outlook focused on just a few highlights from the *Profile of Rural Idaho*. We hope this *Outlook* has piqued the interest of readers to pursue further this fascinating topic. Towards that goal we heartily recommend readers peruse the entire report, which is available online from the Idaho Rural Partnership at <http://irp.idaho.gov/>. Hard copies of the report can be obtained by calling the Idaho Department of Commerce and Labor at (208) 334-2470.

